Dear John,

LANDFILL TAX (SCOTLAND) BILL

The Public Audit Committee, at its meeting this morning, agreed to seek information relating to the landfill tax, specifically in relation to the new responsibilities of SEPA and Revenue Scotland proposed under the Landfill Tax (Scotland) Bill. You will recall I wrote to you in similar terms with regards the Land and Buildings Transaction Tax (Scotland) Bill.

The Committee agreed to seek responses to the following questions:

Audit arrangements and accountability
- Which organisation will include the landfill tax accountable officer? Will there be one accountable officer for administration and one for collection of the tax?
- Will SEPA’s responsibilities with regards landfill tax be subject to audit by Audit Scotland?
- Will SEPA publish annual information on its performance in collecting the tax and the levels of tax collected?
- Where does the Scottish Government envisage responsibility will lie between the two organisations with regards the delegated functions? For example, should there be lower levels of tax collected than anticipated (and the Committee notes the revenue forecasts of the Scottish Government compared with those of the OBR), would Revenue Scotland or SEPA ultimately be accountable?
- How will SEPA manage its responsibilities on landfill tax alongside other proposed changes to the organisation e.g. in the Regulatory Reform Bill?
Risk management

- With regards the introduction of the proposed landfill tax, what does the Scottish Government consider to be the key risks associated with establishing Revenue Scotland and adding responsibilities to SEPA?
- What are the outline plans and approaches of Revenue Scotland and SEPA in preparing for the collection of this tax?
- What are the Scottish Government’s landfill tax forecasts; do these differ from those of the OBR and, if so, why; and what would be the implications for it and its Purpose (as set out in the Policy Memorandum) of there being lower tax collection compared with the forecasts of the OBR?

The Committee agreed to pass to the Finance Committee any comments arising from your response ahead of that Committee’s Stage 1 oral evidence session with you on 26 June 2013. Accordingly, could I invite a response to the above questions by 5 June to allow the PAC to consider this at its meeting on 12 June.

I have written to the Auditor General for Scotland on this issue and a copy of that letter is attached for your information. I am copying this letter to Kenneth Gibson MSP (Convener of the Finance Committee) and to the Auditor General for Scotland. Should your officials have any questions, could I invite them to contact the Committee’s clerking team.

Yours sincerely

Iain Gray MSP
Convener